



EUROPEAN CENTRAL BANK

EUROSYSTEM

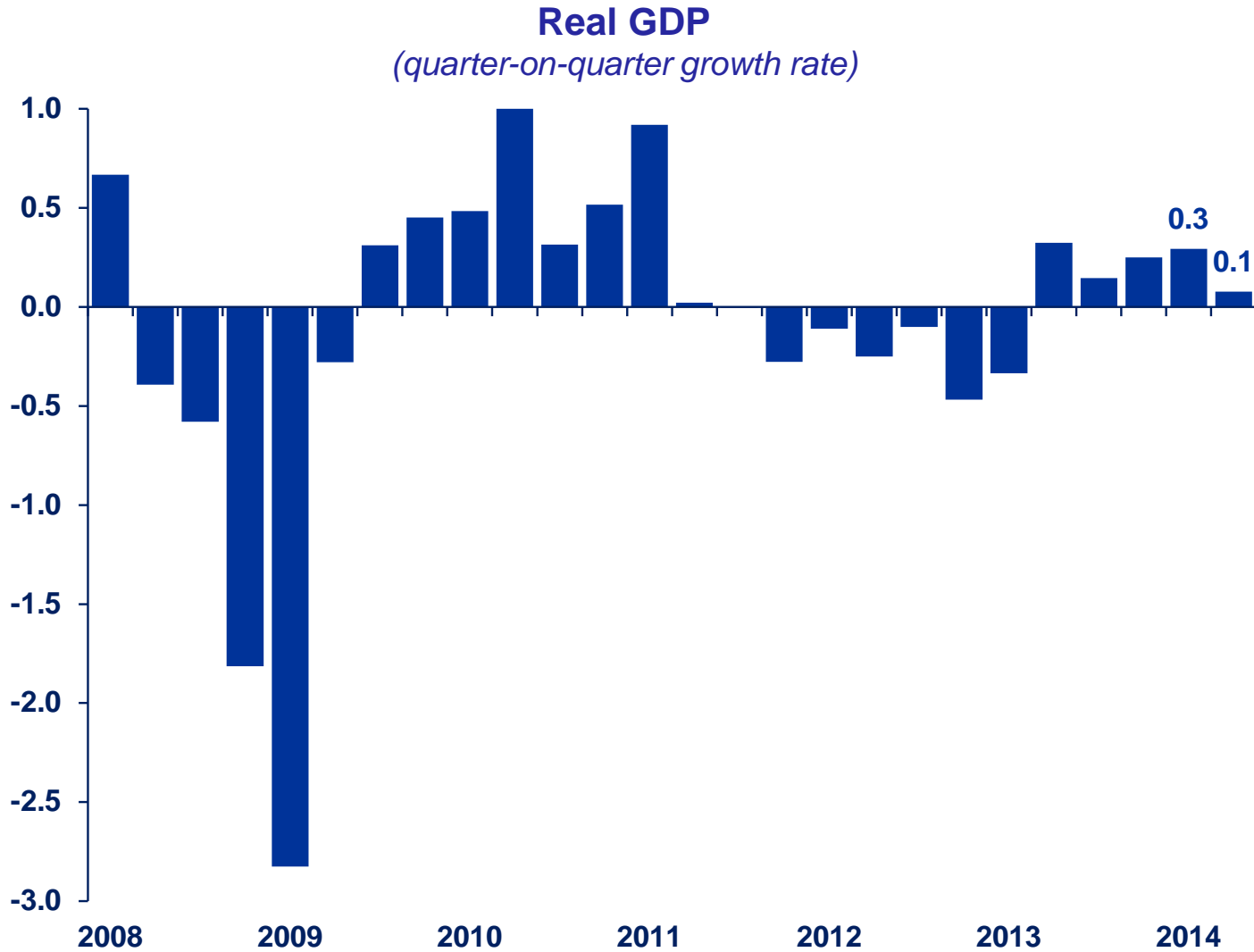
Mario Draghi

Economic situation in the euro area

Euro Summit

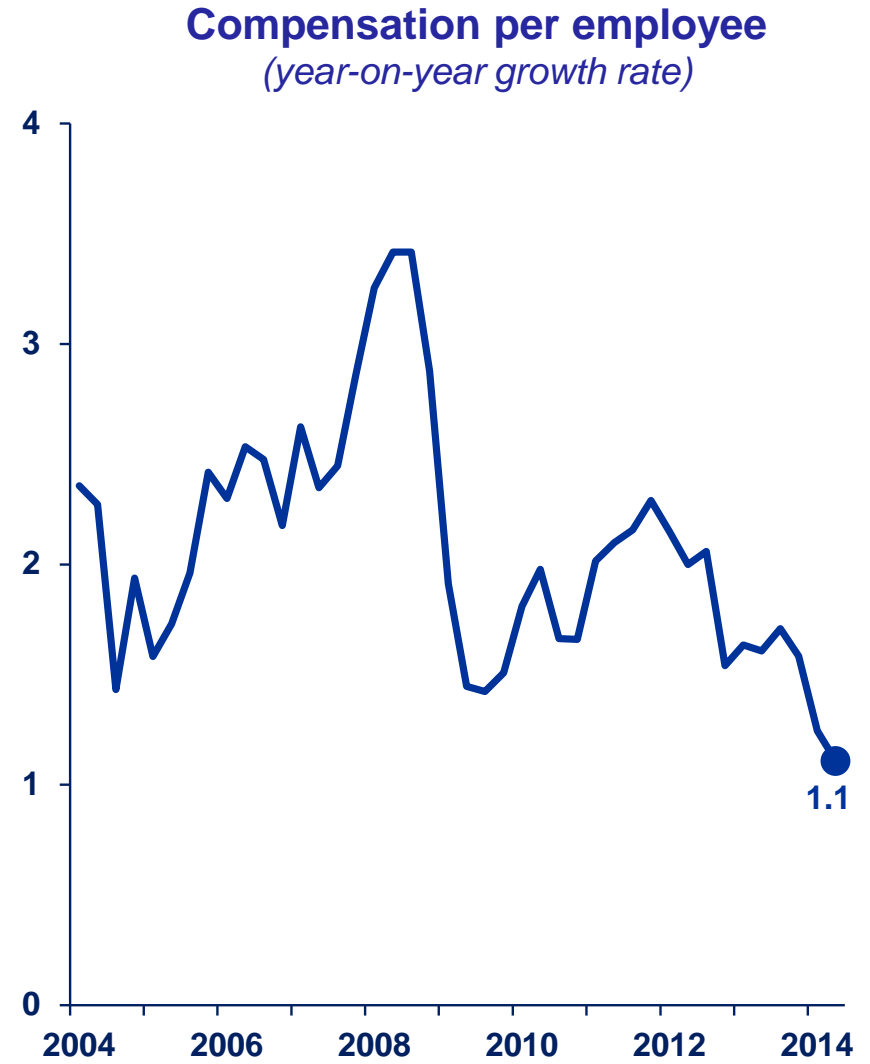
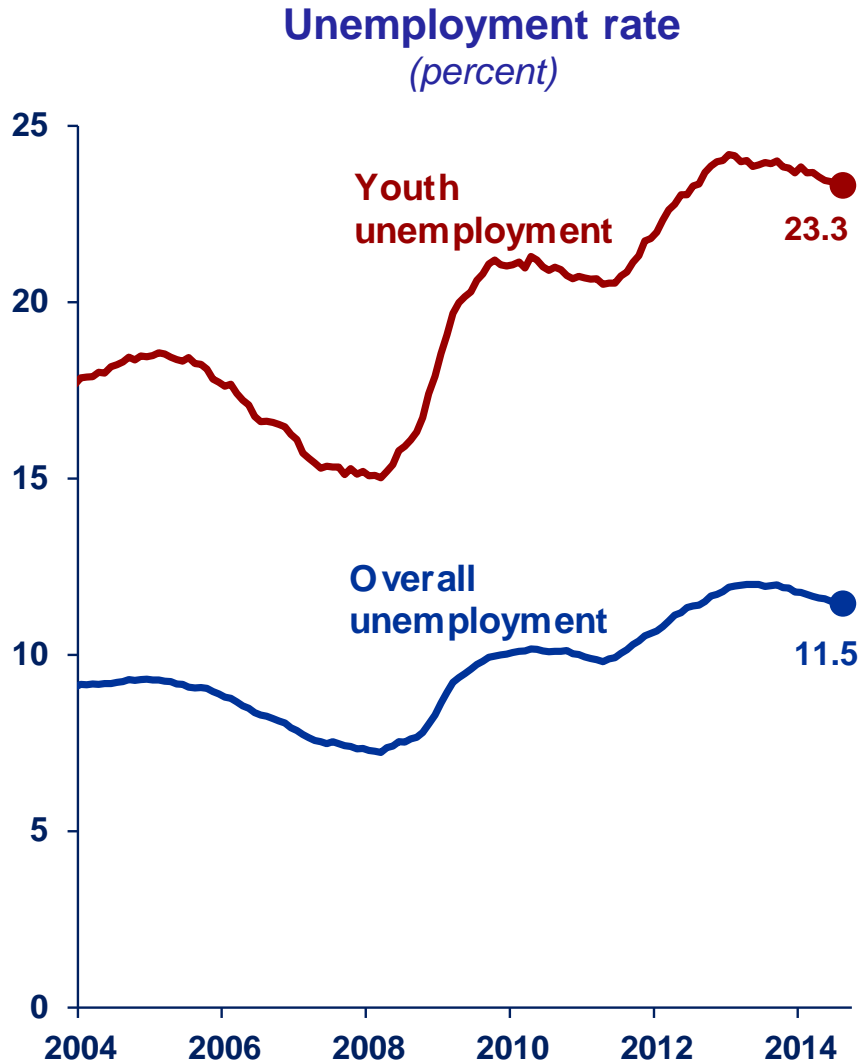
24 October 2014

Recovery has lost momentum



Sources: European Commission and Eurostat.
Latest data: 2014Q2.

Unemployment remains unacceptably high

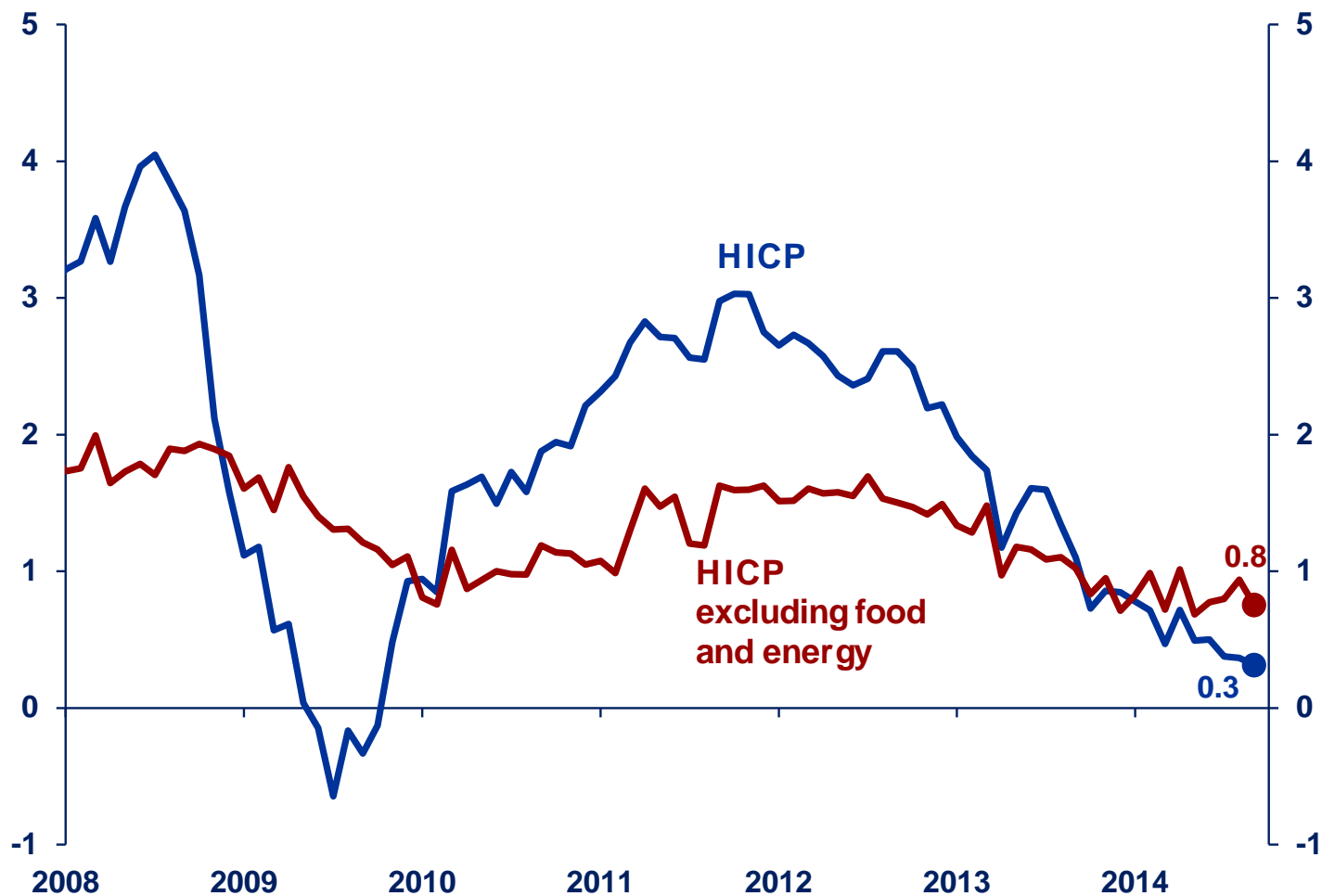


Source: Eurostat.

Latest data: August 2014 for the unemployment rate and 2014Q2 for compensation per employee.

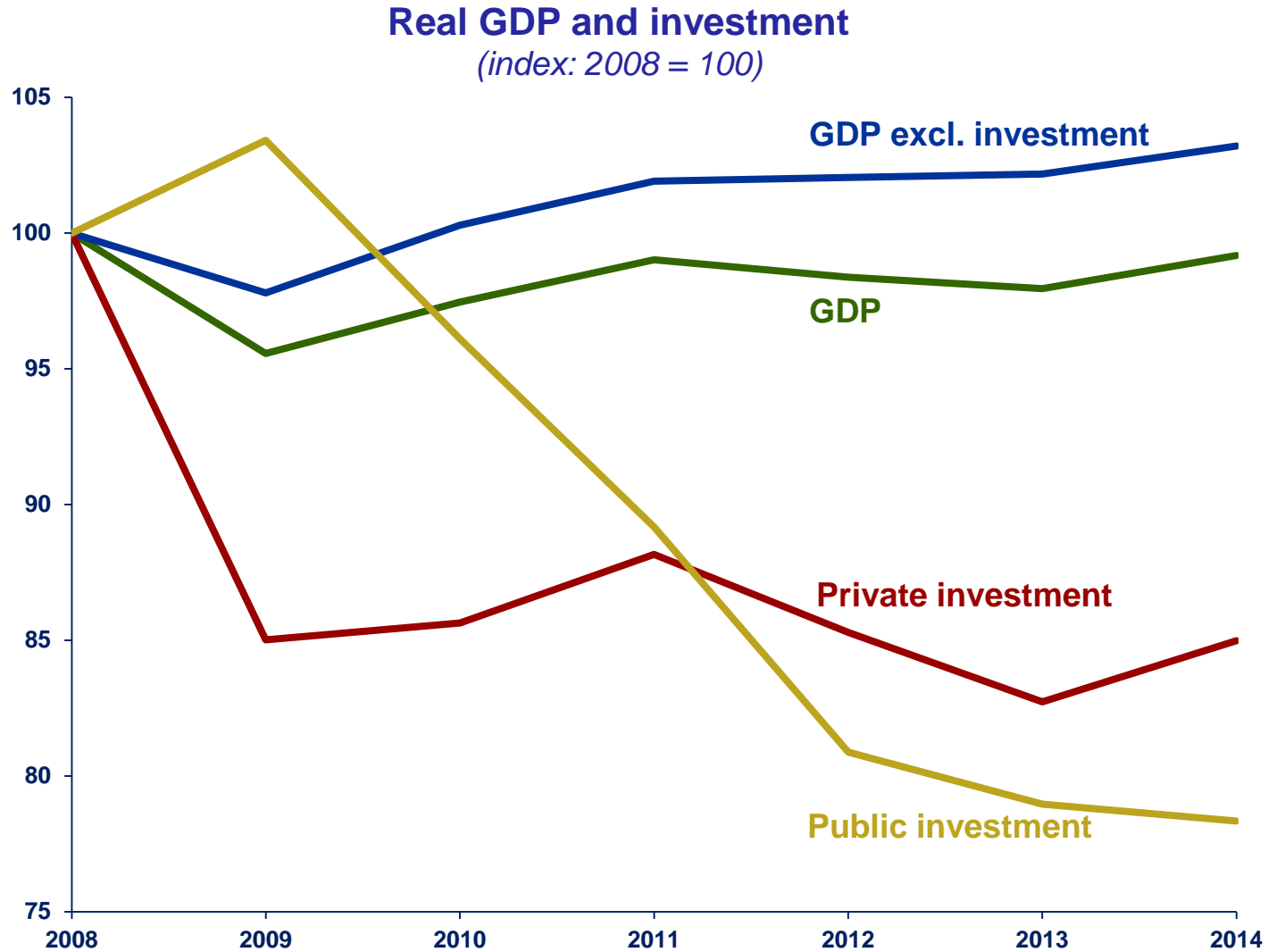
Inflation is expected to remain low in the near term

HICP: overall and exclusion-based measure
(year-on-year percentage change, percentage point contribution)



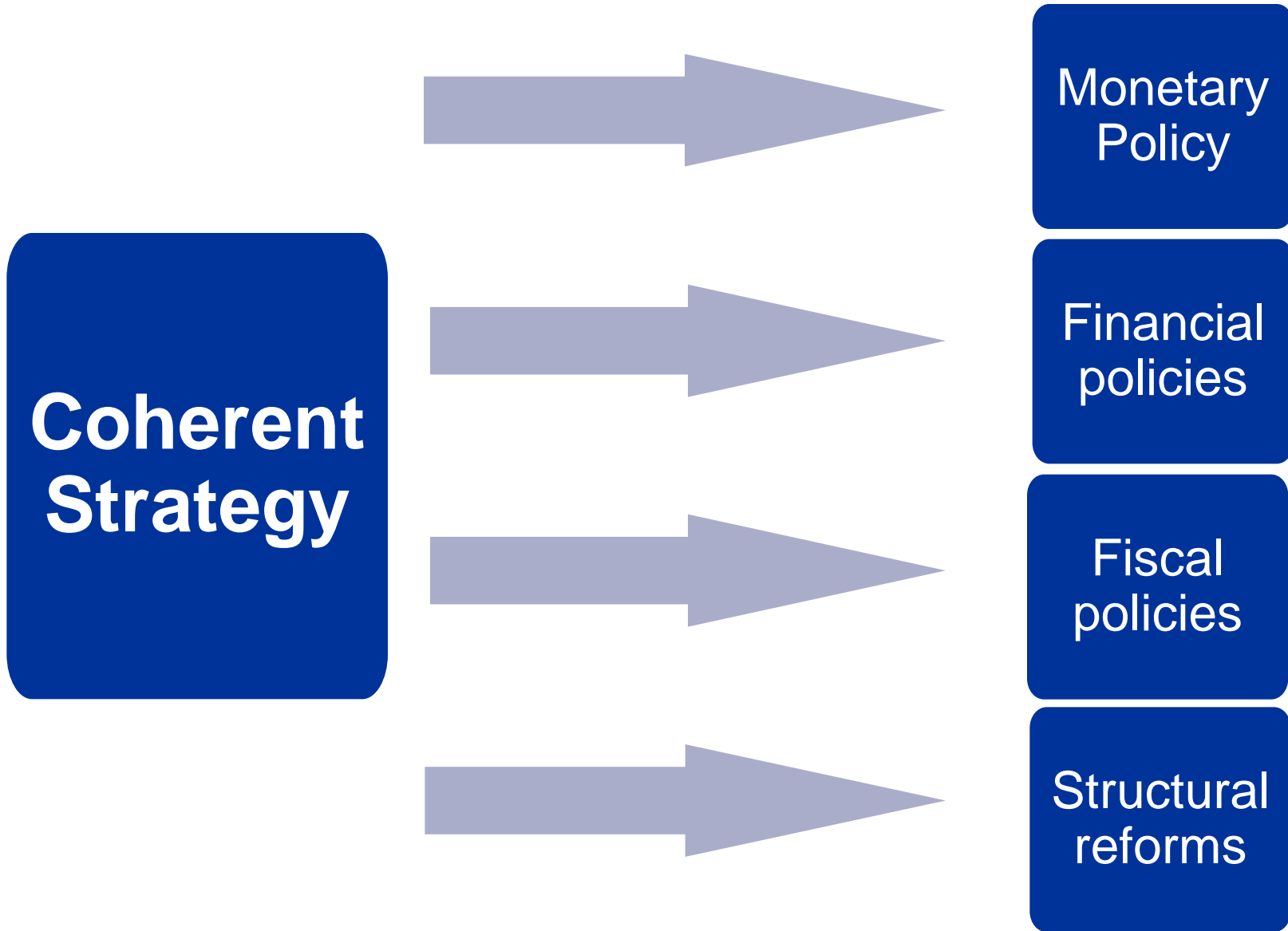
Source: Eurostat.
Latest data: September 2014.

Confidence key to lift investment



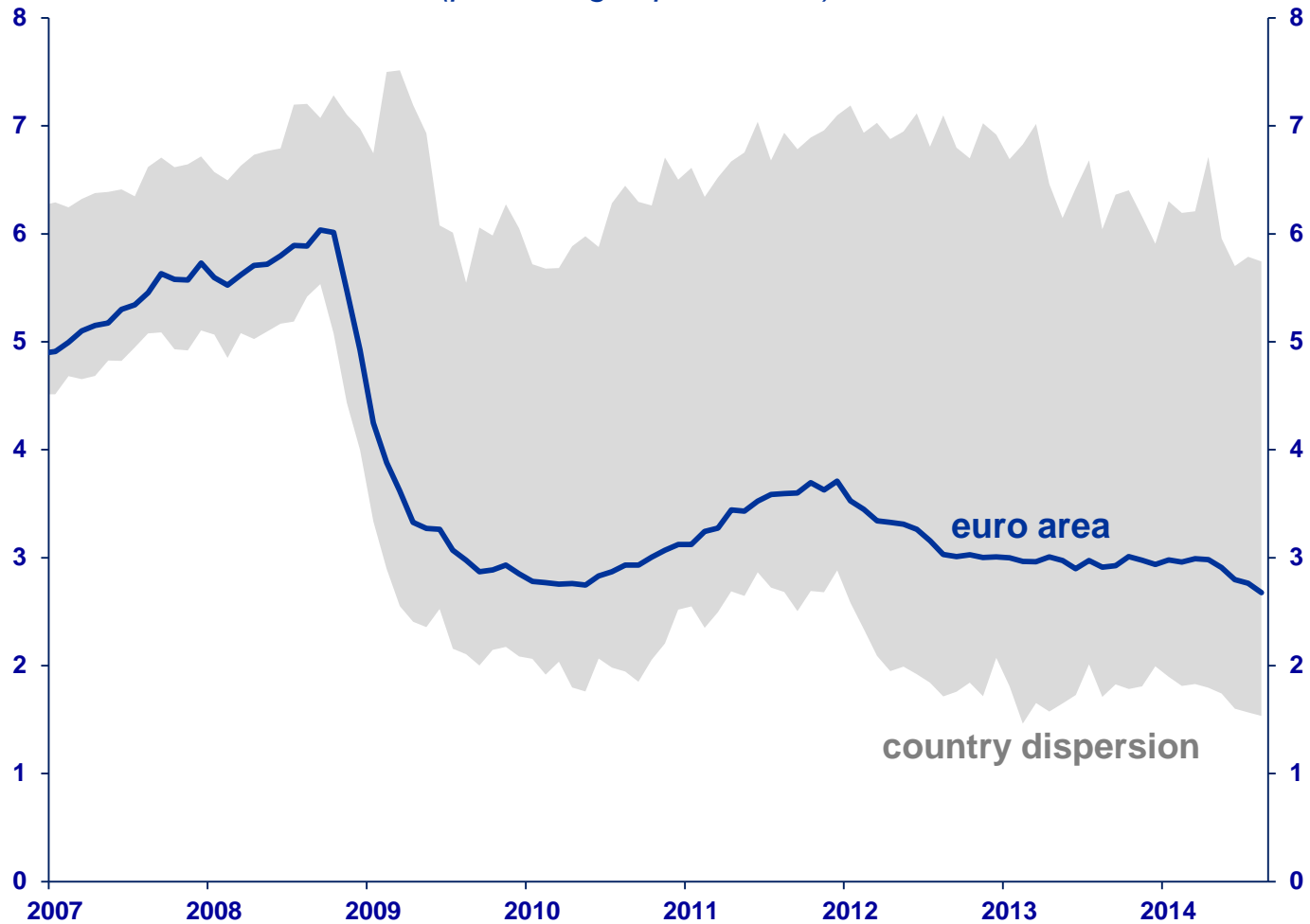
Sources: ECB calculations and European Commission.

Latest data: 2013 (forecast 2014).



Monetary policy supports financing conditions

Total cost of bank lending to non-financial corporations (percentages per annum)

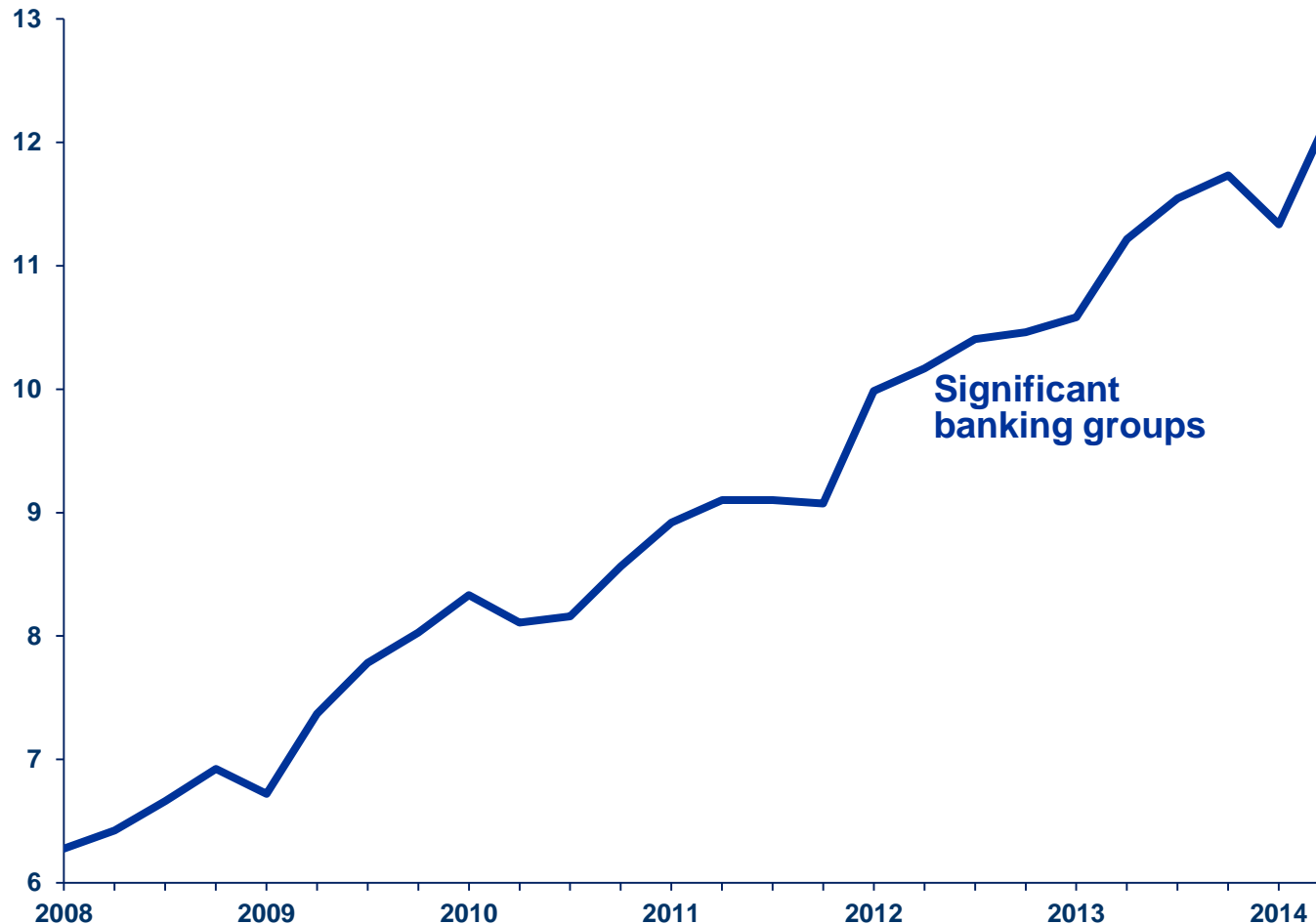


Source: ECB. Latest data: August 2014.

Notes: The country dispersion is calculated as min/max over 18 euro area countries. The indicator is calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes.

Financial policies restore the resilience of the banking sector

Median core Tier 1 capital ratios of euro area banks
(percentages)

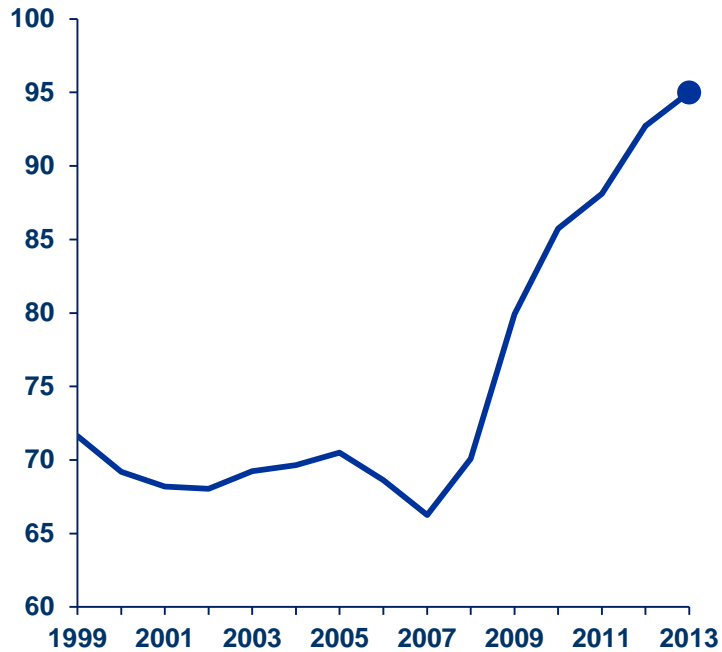


Note: Based on publicly available data on significant banking groups, including large and complex banking groups, which report annual financial statements and on data on a subset of those banks that report on a quarterly basis.

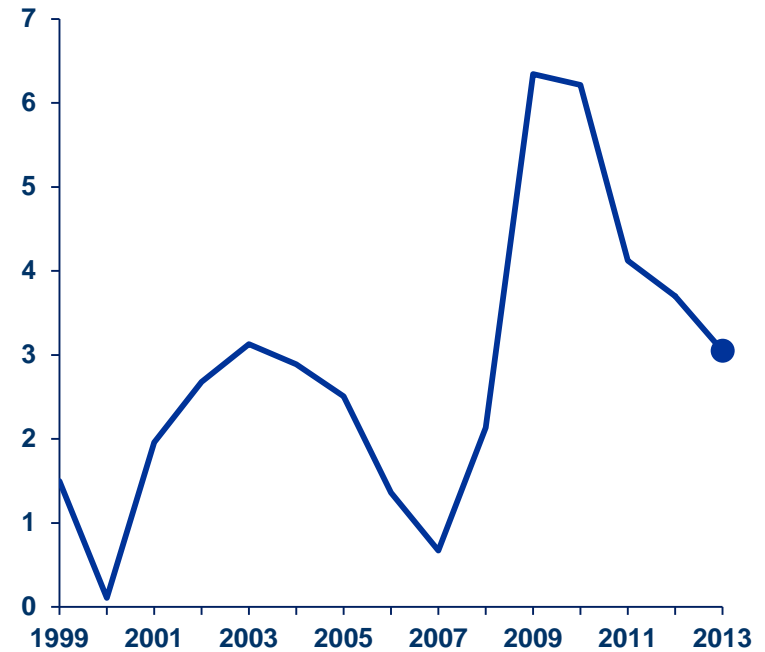
Source: SNL Financial. Latest data: 2014Q2.

Comprehensive progress towards reducing budgetary imbalances ...

Euro area government debt (% of GDP)



Euro area government deficit (% of GDP)

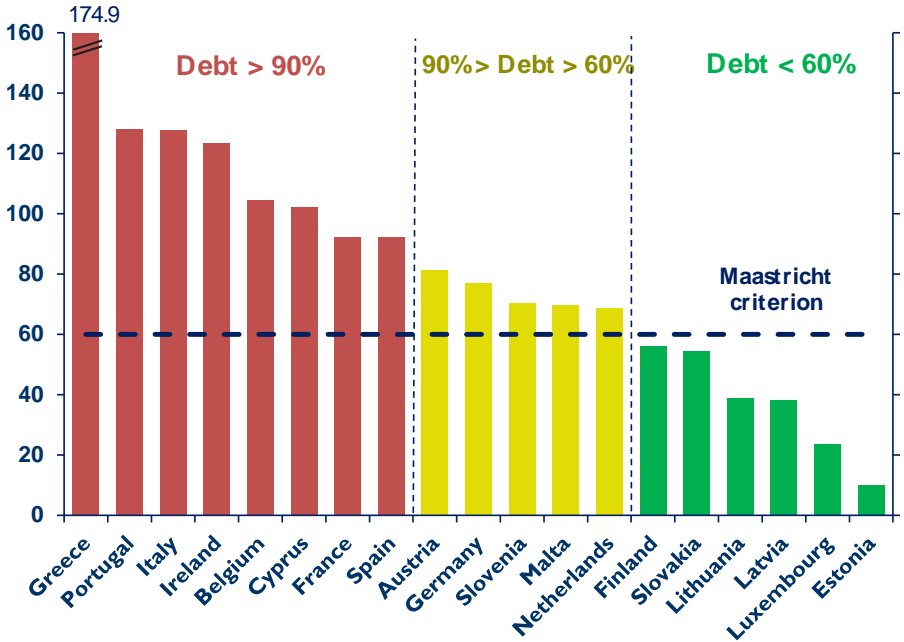


Source: European Commission 2014 spring forecast, ESCB.

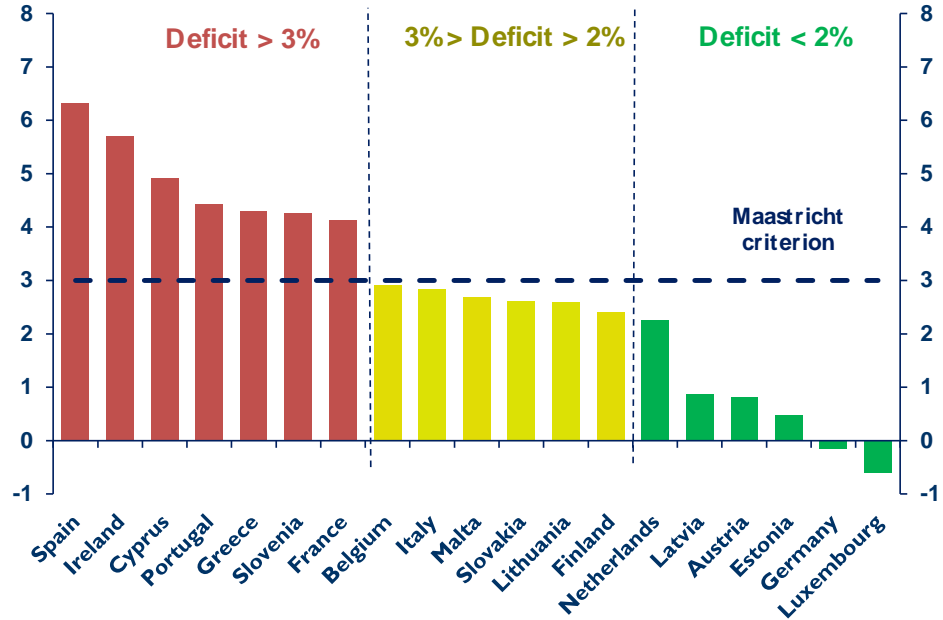
Note: For data-availability reasons, the ratios shown use the older European System of Accounts (ESA 1995) instead of the newer ESA 2010 methodology.

...with fiscal space differing across countries

Member state government debt (% of GDP)



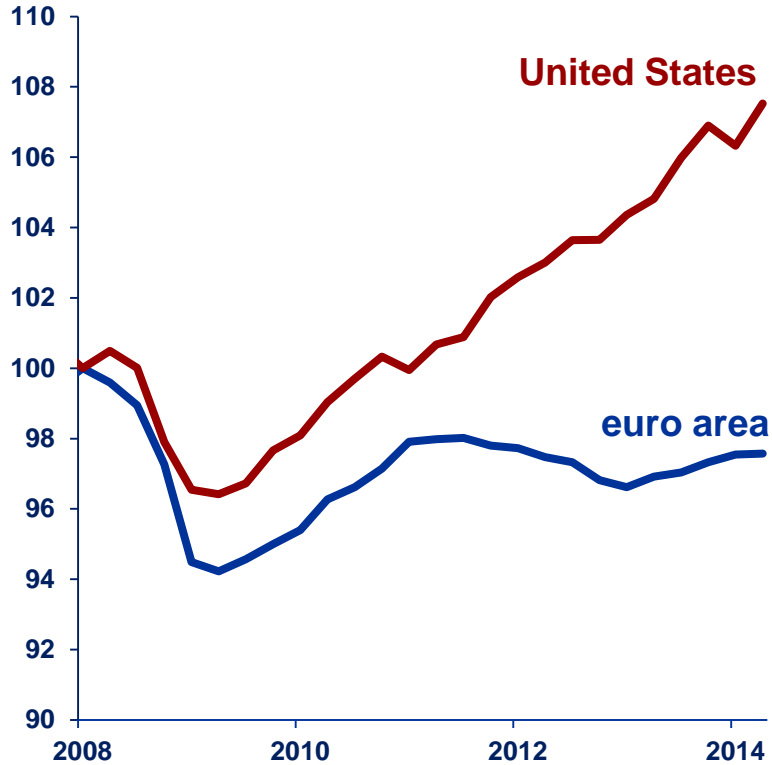
Member state government deficit (% of GDP)



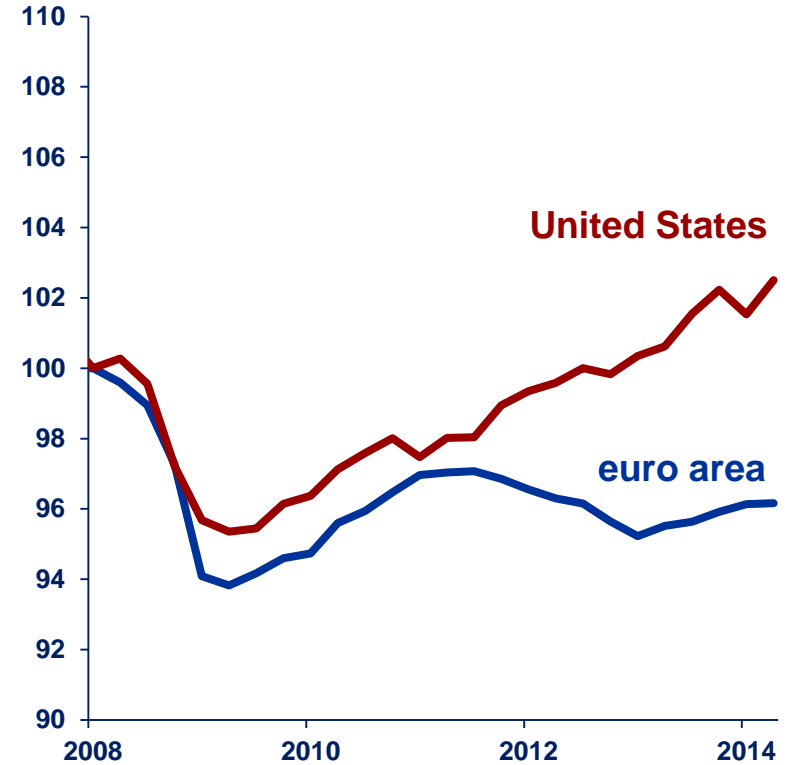
Note: The budget balance is corrected for injections into banks. Data calculated using the ESA 2010 methodology.
Source: European Commission 2014 spring forecast, ESCB.

Need for structural reforms to lift euro area growth

Real GDP
(2008Q1 = 100)



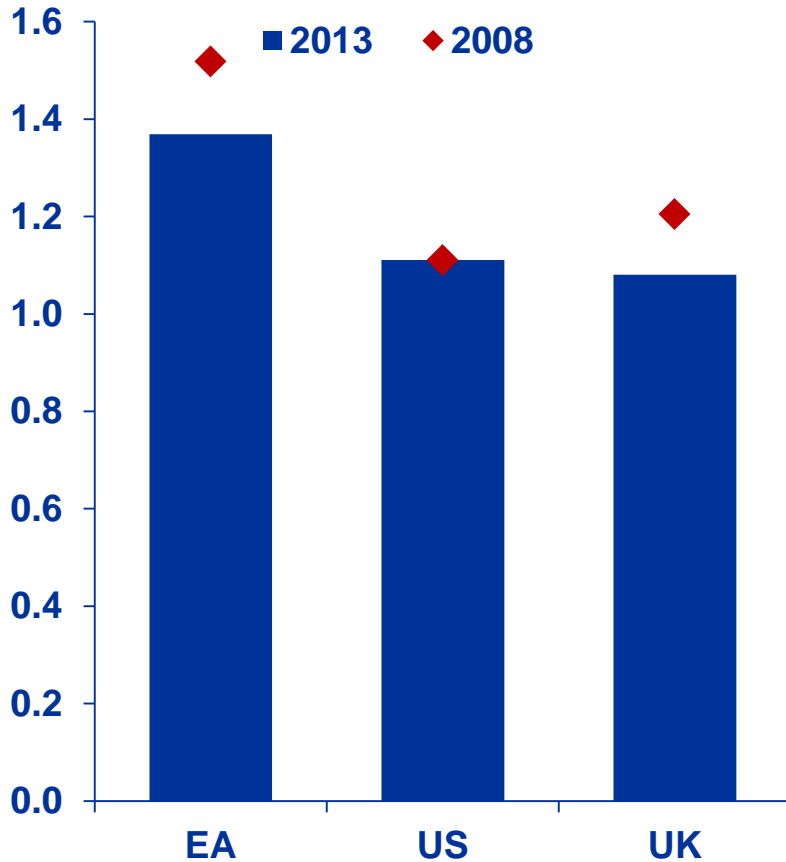
Real GDP per capita
(2009Q1 = 100)



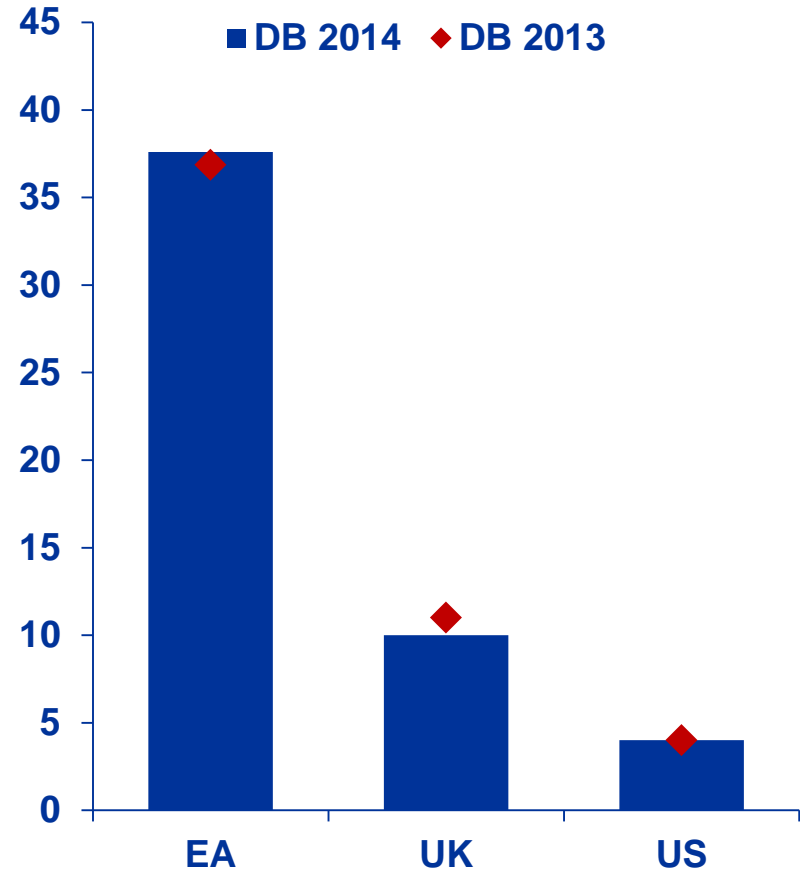
Source: Eurostat and Federal reserve.
Latest observation: 2014Q2.

While structural reforms have advanced, gaps remain

Product market regulation (index, annual)



Doing business (DB) indicator (overall rank)

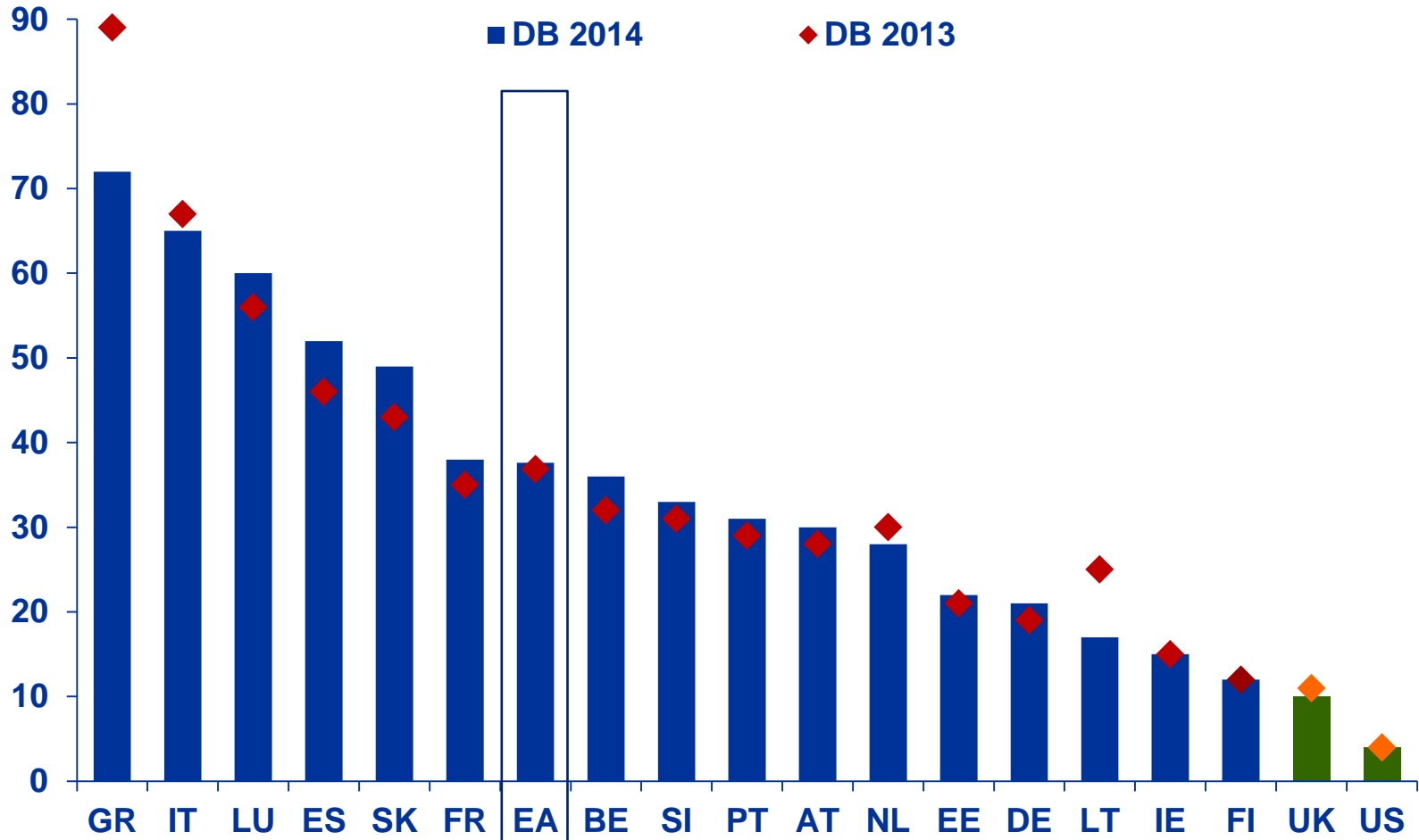


Source: OECD.

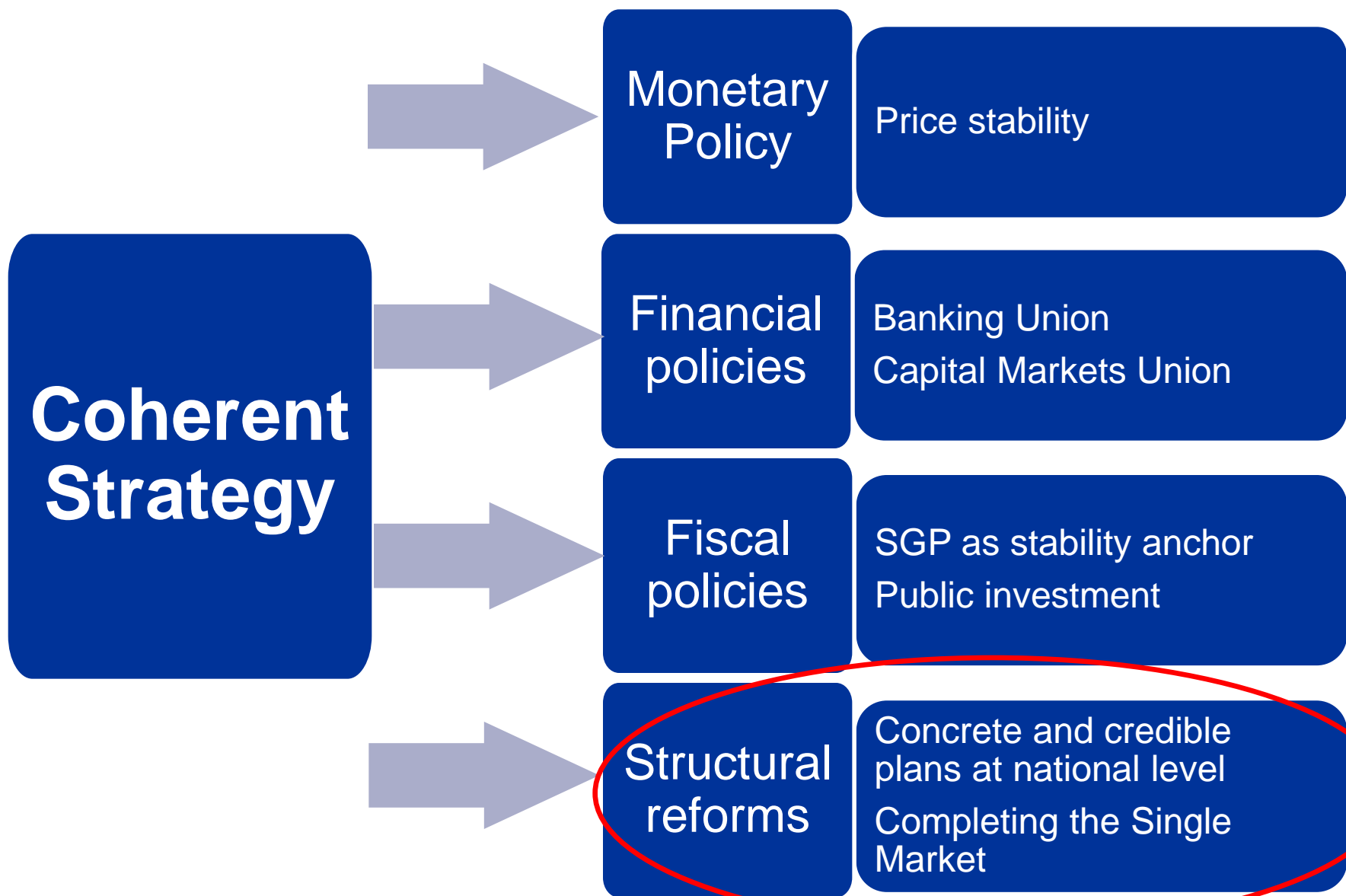
Note: lower values indicate less regulation.

Strong improvement in business environment is needed

Doing business (DB) indicator
(overall rank)



Source: World Bank.



Coherent strategy for a
sustainable recovery

Further steps towards sharing
sovereignty in economic governance